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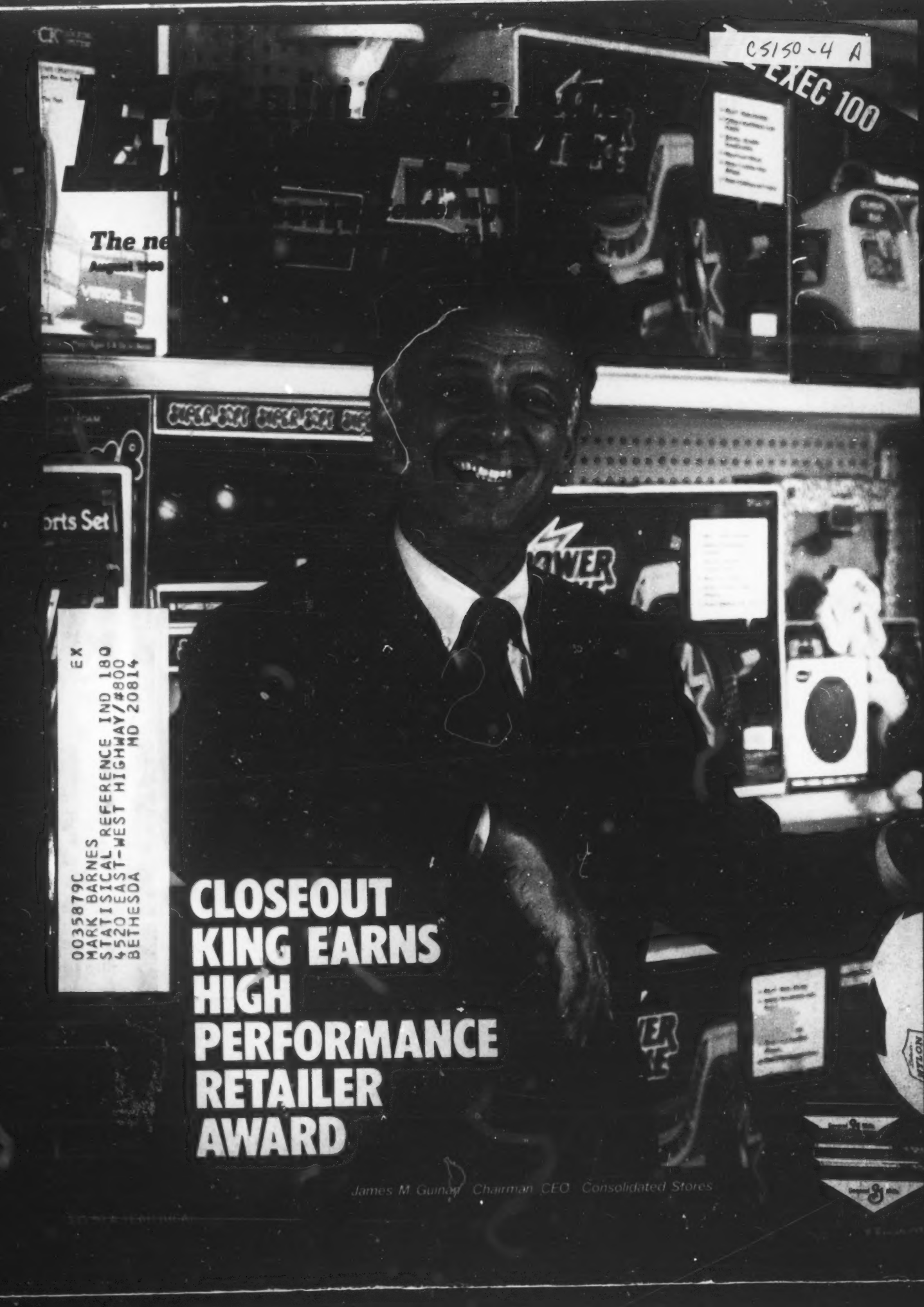

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CLOSEOUT KING EARNS HIGH PERFORMANCE RETAILER AWARD

James M. Guinot Chairman CEO Consolidated Stores

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HIGH PERFORMANCE RETAILERS

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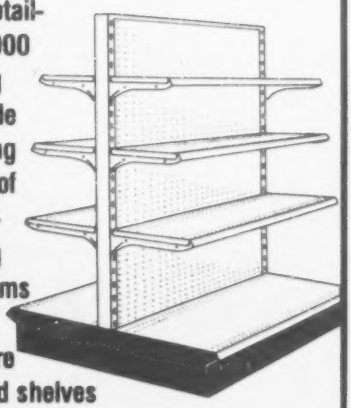

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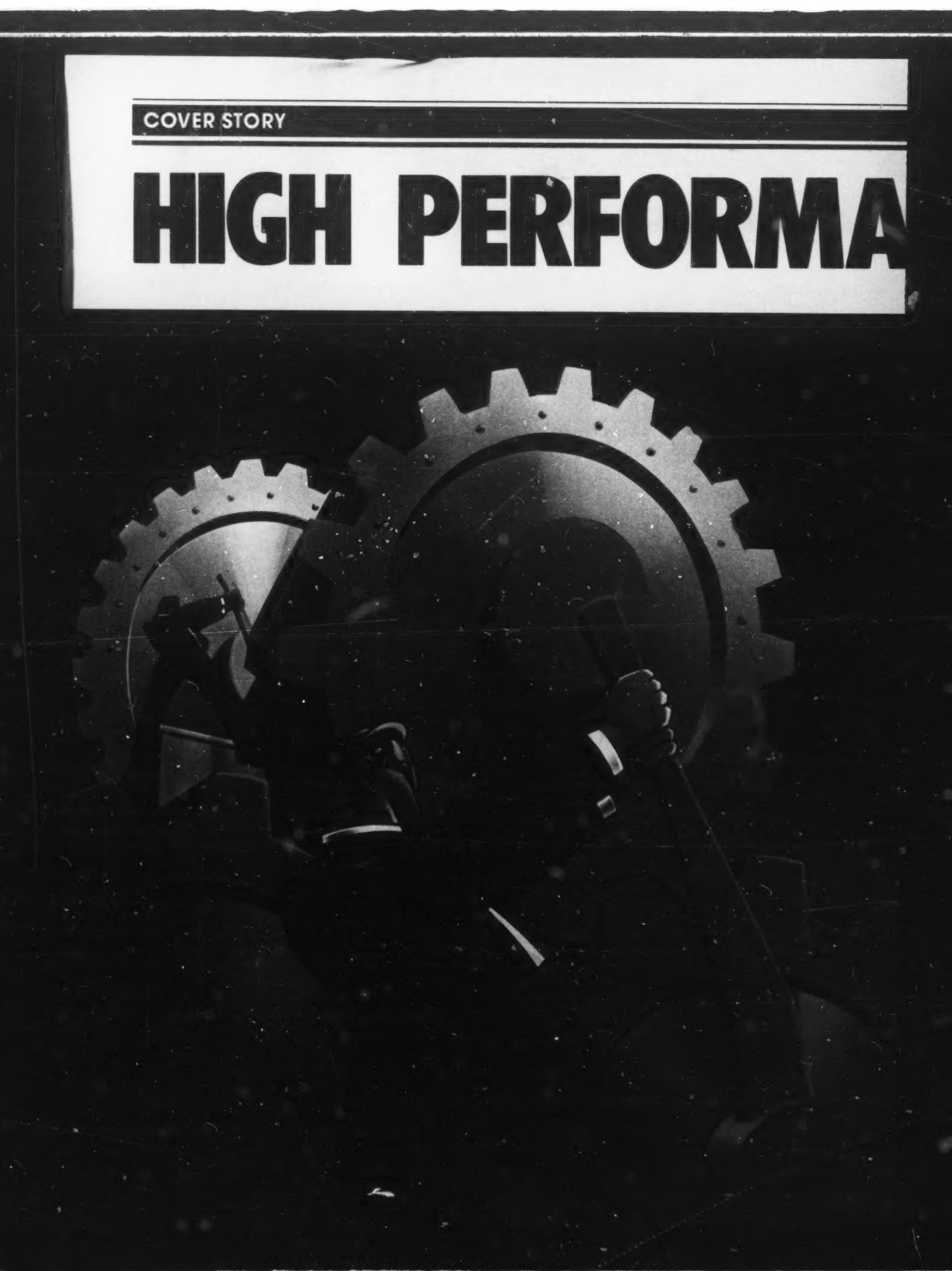


NCE RETAILERS

Consolidated Stores in fast forward
Gearing up for greater growth

Consolidated Stores, an operator of 308 closeout merchandise stores in 13 Midwest and Southern states, is the champion High Performance Retailer for 1988, according to an exclusive *Chain Store Age Executive*/Management Horizons analysis of all publicly traded U.S. retailers.

The designation of the Columbus, Ohio-based chain recognizes achievements for above-average compound annual revenues and profits, plus an average of its annual returns on total assets during the 1983-88 period *(see box)*.

Consolidated emerged as the leader among companies that have maintained above median results.

Thirty-three U.S. companies qualified as High Performance Retailers based on their 1983-88 results.

But only 19 companies further qualified as "stayers," retailers that attained high performance status for the three prior study periods, 1983-87, 1982-86 and 1981-85. It is from this group that Consolidated captured the trophy.

Sustained performance above the median makes the High Performance Retailer awards a more meaningful evaluation of a company's health than a one-year snapshot.

In earning this year's top honor, Consolidated Stores handily beat out even the most widely respected retail entities such as Wal-Mart, The Limited, Price Co. and Toys "R" Us *(see chart)*.

It posted the best sales and profit indexes from among all "stayer" companies, though its return-on-assets index ranked 13th.

(On a one-study-period basis, however, the top High Performance Retailer crown goes to Trans World Music Corp. of Albany, N.Y.)

When told of Consolidated's achievement, James M. Guinan, chairman/ceo, hardly seemed astonished.

"The award is not surprising. Previous management did a great job," said Guinan, who joined Consolidated in November 1987 as senior executive vp and president of the retail division. Guinan assumed his present duties earlier this year when founder Sol A. Shenk retired.

Indeed, Sol Shenk and his family did an extraordinary job. Not only did they correctly see and seize the opportunity to transform their wholesale closeout business into a retail dynamo, but they also recognized the need to bring in professional management once the chain became too large for their skills.

In 1983, Consolidated Stores was predominantly a wholesaler. Eighty-two percent of total revenues of $20.8 million came from its wholesale operation. Just $3.7 million came from the nine stores opened at year's end.

The company rang up profits from continuing operations of $1.74 million. Return on assets were 4.3%.

Sweet years: Six furious growth years later, Consolidated operated 308 Odd Lots and Big Lots stores at the end of the fiscal year. (They are not related to Odd Lots Trading, the ill-fated Revco Drug Store operation. Consolidated has the rights to the Odd Lots name only within a 75-mile radius of Columbus.)

The stores churned out $601 million in sales, while wholesaling's volume rose to just $25.5 million. Corporate profits chimed in at $22.6 million; ROA at 7.9%.

Consolidated became the leading player in the closeout retail field 26% larger than Pic 'n' Save of Costa Mesa, Calif., which, coincidentally, made an unsuccessful overture to acquire Consolidated.

Not every year was sweet for Consolidated. Profits fell by one third in 1987 from the year before when growth outstripped management's

AWARD METHODOLOGY

High Performance Retailers, as defined by *Chain Store Age Executive* and Management Horizons, produced sustained above median results in three key criteria—compound annual revenue growth, compound annual profit growth and the average after-tax profit return on total assets for each year in the six years of the study, 1983-88.

The median performance for all public U.S. companies was assigned an index value. Return on assets, assigned an index value of 100, was weighted at twice the level of sales growth and profit growth, both of which had individual index values of 50.

Each company's performance was then indexed to the median. For example, if the median return on assets for all public retailers was 5.4%, and a company had an average ROA of 11.6%, the company would have an ROA index of 215 (11.6 ÷ 5.4 = 2.15 x 100 = 215).

The composite index is the sum of the three individual indices.

The medians for the 1983-88 study period were:

- **Revenues growth: 14.95%**
- **Profit growth: 13.73%**
- **ROA: 5.58%**

Profit growth is based on after-tax profits from continuing operations before extraordinary items.

ability to cope.

That is why Guinan came on board. The 57-year-old is an operations systems-driven executive who has a deep and wide range of experience picked up with equal finesse from department stores and discount stores.

He has been, in order, president of Federated's former Milwaukee-based Boston Stores, chairman of Gold Circle, Federated's defunct discount chain headquartered outside of Columbus, president of Bloomingdale's, and chairman of Caldor when the Norwalk, Conn.-based chain was part of Associated Dry Goods.

Guinan inherited a crew of savvy buyers who knew how to acquire merchandise. But the company lacked sophisticated systems to distribute the goods to a burgeoning store base and to deal with a labor explosion. Consolidated has more than 11,000 employees, a far cry from the 160 of a few years ago.

To help steward the company's growth, Guinan has recruited a cadre of discount store pros who, while learning the ins and outs of closeout buying, are instilling discipline into the operation.

Guinan brought in John W. Little as executive vp-merchandising and sales promotion to head up the buying organization. Little formerly was with Rose's, and before that with Target.

David Lynn, formerly with Caldor, is vp-physical distribution/transportation. Herb Daniels brings experience at Child World and Venture to his task as vp-store operations.

Kent Larsson joined Consolidated as vp-sales promotion after working for McCrory Stores. And M. Steven Bromet came over as vp-MIS from Waldenbooks.

Discount store practices: Together, the executive crew has fashioned an evolving strategic plan that calls for moderately aggressive objectives through 1991.

It hopes to increase sales to the $1 billion mark and expand its store base to 425 locations, primarily east of the Mississippi.

Despite a modest 3%-5% same store sales increase per year, it expects to bring in pre-tax profits of 11% and a pre-tax return on invested capital of 30% (they were 5.9% and 24.5%, respectively, last year).

Guinan hopes to increase sales to $1 billion by 1991

Consolidated's goal is to bring gross margins up to 43% from 40.4% and to drop selling and administrative expenses to 32% from 33.7%.

While Consolidated will not abandon its closeout marketing concept, the chain is incorporating some traditional discounter practices. It is trying to beef up the softlines portion of the mix from 16% to 20%.

It has established a "never out" category of merchandise that includes staples such as toothpaste, lightbulbs and trash bags. These traffic building products will comprise 20% of the mix.

Half of the mix will be basic household necessities such as glassware and apparel, while 30% will be specialty purchases such as sporting goods and electronics. Consolidated also is implementing more structured seasonal programs such as Back-to-School and Easter.

While the vagaries of closeout buying do not permit planogramming, Consolidated is tightening its store operations by developing consistent layouts, merchandise departments, category adjacencies, presentation and fixturing.

Consolidated is wringing expense dollars from distribution improvements. Transportation and distribution costs came in $11 million lower than a year ago and more reductions are expected. A new fluid loading system will increase distribution center productivity from 115,000 cases a day to over 185,000 cases.

To facilitate greater expansion in the South, a new $20 million, 460,000-sq.-ft. distribution center will be added by early 1991 in western South Carolina. Consolidated projects a payback in less than four years.

Though much of the company's growth is expected to come in the South, Consolidated plans to have stores in western New York, northern Florida and the Chicago/southern Wisconsin areas by 1991.

Since it emphasizes stores of 18,000-20,000 sq. ft. of selling area (28,000 gross), Consolidated feels it will be able to take advantage of closeout leasing opportunities in many strip centers where standard sized supermarkets are closing because of superstore replacements or competition.

On average Consolidated is paying the same per square foot rent as it did five years ago. It is signing three year leases with two five-year options, says Guinan.

After a tumultuous 1987, Consolidated scaled back its store expansion program. Its net gain of 13 stores last year was the lowest since it began in retailing in 1983.

During its heyday growth years of 1985, 1986 and 1987 it expanded by 61, 104 and 76 stores, respectively. With more confidence and systems in place to manage the future, Consolidated is planning more aggressively. It is forecasting about 30 net new openings per year through 1990. ■

—Murray Forseter

THE POWER ELITE OF RETAILING

Company	Compound revenue growth	Revenue growth index	Compound profit growth	Profit growth index	ROA	ROA index	Retail performance index
Total Retailing Median	14.95%	50	13.73%	50	5.58%	100	200
Trans World Music Corp.	61.15%	205	107.08%	390	22.91%	411	1,005
Consolidated Stores*	97.46	326	67.02	244	8.77	157	727
Computer Factory	80.42	269	93.96	342	5.71	102	713
Lands' End	29.87	100	20.98	76	20.17	487	663
Dress Barn*	36.32	121	56.71	207	17.48	313	641
Best Buy	77.81	260	48.63	177	6.21	111	549
Spec's Music	19.71	66	80.78	294	9.48	170	530
Price Co.*	45.26	151	45.10	164	10.55	189	505
Home Depot*	59.83	170	49.55	180	7.47	134	484
Circuit City*	37.00	124	42.06	153	10.62	190	467
The Limited*	30.25	101	28.15	103	14.54	261	464
Claire's	28.70	96	16.55	60	17.08	306	462
Wal-Mart*	34.61	116	33.66	123	11.87	213	451
Inmac Corp.	32.85	110	39.23	143	9.88	177	430
Charming Shoppes*	24.83	83	17.07	62	14.64	262	408
The Gap*	21.11	71	28.00	102	12.88	231	403
Food Lion*	26.62	89	32.35	118	10.57	189	396
Arbor Drugs*	27.40	92	36.29	132	9.17	164	388
Good Guys*	29.53	99	31.21	114	9.14	164	376
J. Baker	25.91	87	30.84	112	9.42	169	368
Wolohan Lumber	17.84	60	52.78	192	6.42	115	367
TJX Cos.	21.97	73	27.15	99	10.63	190	363
Toys "R" Us*	24.71	83	23.76	87	10.29	184	353
Quality Food Centers	15.26	51	32.55	119	8.86	159	328
Pier 1 Imports	23.00	77	32.61	119	7.12	128	323
Bruno's*	25.26	84	20.77	76	8.92	160	320
Hechinger*	26.85	90	24.62	90	7.39	132	312
Gantos	26.28	88	24.91	91	7.36	132	311
Ames*	39.45	132	18.89	69	5.66	102	302
Nordstrom*	24.81	83	25.11	91	6.88	123	298
Pep Boys—Manny, Moe & Jack*	16.51	55	22.21	81	8.29	149	285
Hannaford Bros.	14.95	50	24.59	90	6.90	124	263
Big B*	18.32	61	15.76	57	6.53	117	236

* Denotes "stayer" companies
Source: *Chain Store Age Executive*/Management Horizons

TRANS WORLD MUSIC HITS HIGH NOTE

Consolidated Stores may have copped top honors as the High Performance Retailer with the most staying power, but on a one-year basis, the leading retailer turned out to be Trans World Music Corp.

The Albany, N.Y.-based company is one of a handful of retailers that have ridden the consumer electronics wave into the High Performance stratosphere. Other companies include Computer Factory, Best Buy and Spec's Music.

Trans World had 437 stores at fiscal year's end operating under different nameplates including Record Town, Tape World, Coconuts, Great American Music and Good Vibrations. Trans World's sales growth ranked fourth among all 33 High Performance Retailers. It came in first for profit growth and second in ROA index.

TUMULTUOUS TIMES ROCK EXEC 100

MARSHALL FIELD AND SAKS MAY BE LATEST AFFECTED BY FINANCIAL CLIMATE

Tumult continued during the last year to toss retailers around like a ship in a tempest. Retailing's rough seas are nothing new, but the depth of the upheaval, given today's financial climate, has even the largest retailers quaking.

Within the last year Sears and K mart both have had their names tossed about as potential takeover targets. In earlier years, the very size of the two retail leviathans would have protected them from hostile raiders.

As the successful takeover of RJR Nabisco proved, however, even the biggest companies can fall prey to the right hunter.

Sears responded to takeover rumors with a multi-pronged approach aimed at shoring up investor confidence and recharging consumer excitement (*Chain Store Age Executive*, January 1989). The Big Store went as far as putting the Sears Tower itself up for sale.

As *Chain Store Age Executive* goes to press, another Chicago landmark institution, Marshall Field, may be up for grabs.

Parent company B.A.T. Industries has been put in play by Sir James Goldsmith with a $21 billion takeover bid. Goldsmith reportedly has indicated he would sell Field's and Saks Fifth Avenue to help defer the acquisition debt.

Buyouts, mergers and acquisitions have changed the complexion of the Exec 100. Among the top 25 companies alone, nearly 1 in 5 names have changed in the last year.

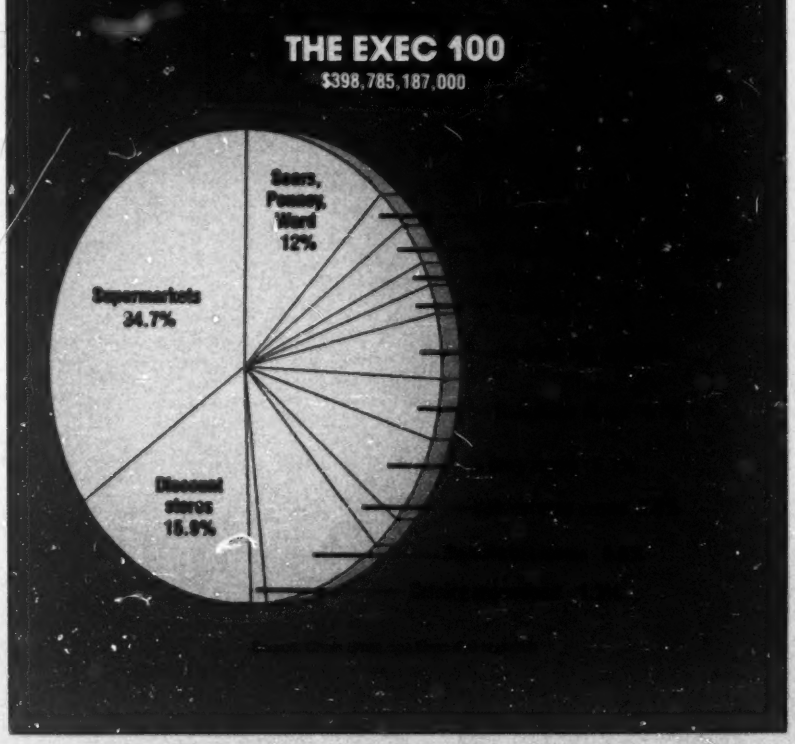
Lucky Stores and Zayre Corp. are no more. American Stores bought Lucky. Zayre sold its discount stores to Ames and spun off its apparel units into TJX Cos. and its two wholesale clubs into Waban.

Southland's restructuring and subsequent lower sales dropped it from the top 25, while Federated remains on the list by virtue of being part of Campeau Corp's retail empire.

Aside from Campeau, three companies make their first appearances among the top 25. The Price Club, Toys "R" Us and The Limited parlayed sharply defined market strategies into success.

Lion's share: Overall, sales among the Exec 100 came in at $399 billion, a

Continued on page 34



Name	1988 Sales ($000)	1987 Sales ($000)	1988 Profits ($000)	1987 Profits ($000)	# of Stores	Comments
1 Sears, Roebuck & Co.*	$30,256,000	$28,085,500	$173,300	$787,400	1649	Everyday low pricing and superstore within a store concept are the key elements to turn the chain around. Merchandising chairman Michael Bozic's emphasizing vertical accountability.
2 K mart	27,301,400	25,627,000	803,000	692,000	2307	Modernizing MIS for better inventory management. Chairman Joseph Antonini is pushing marketing, not merchandising.
3 Wal-Mart	20,649,001	15,959,255	837,221	627,643	1381	The juggernaut continues. Plans call for 155 more discount stores, more than 20 Sam's Wholesale Clubs, one hypermarket and four supercenters this year.
4 Kroger	19,050,000	17,700,000	34,500	246,600	2206	Despite substantial restructuring and divestitures, sales are up and, though drastically reduced, profits are still coming in.
5 American	18,478,354	14,272,000	96,200	154,300	1285	With acquisition of Lucky Stores, American has dramatically increased its size. It stands to be a powerhouse in California as it integrates operations with Alpha Beta.
6 J.C. Penney*	14,833,000	15,332,000	668,000	706,000	1789	Greater emphasis on upgraded soft lines has Penney poised to capture higher sales and profits. Catalog sales and profits keep booming.
7 Safeway	13,612,300	18,301,300	31,195	(78,272)	1261	Having shed several underperforming divisions, the one-time largest supermarket chain is seeing black for the first time since its LBO in 1986.
8 Dayton Hudson	12,204,000	10,677,000	287,000	228,000	618	Mervyn's rebounded with an operating income increase of 70%. Target expanding in the Southeast and the Pacific Northwest.
9 May	11,525,000	9,690,000	503,000	440,000	3091	May is giving up on its Venture and Caldor discount store divisions. And with good reason. Their operating earnings were a combined 4.6% of sales compared to 10.6% for May's department stores and 12.2% for Volume Shoe.
10 A & P	10,067,776	9,531,800	127,600	103,400	1241	The acquisition of Borman's Farmer Jack has added yet another name to the company's already impressive list of strong regional banners. Indications are that A&P's thirst for growth is far from quenched.
11 Winn-Dixie	9,007,700	8,803,900	116,700	112,300	1246	Winn-Dixie is stressing larger stores and more remodels as it attempts to retain top market shares in most of its southern markets.
12 Campeau/Federated-Allied-Ralphs	8,388,000	NC	743,000†	NC	394	Federated and Allied lost money last year but both are showing improvements in their operating cash flow. Ralphs Grocery is showing a similar pattern.
13 F.W. Woolworth	8,088,000	7,177,000	288,000	251,000	7739	Recently converted to a holding company, the retailer should not be considered a five and dime operation. Specialty stores, some 40 formats, fuel its growth.
14 Melville	6,780,359	5,930,283	354,510	285,384	6540	Marshalls is back on track and that's good news for Melville. Melville expanded Wilsons leather apparel and accessories chain by 269 stores to end the year at 489. It also is pushing Accessory Lady, going from 13 to 52 stores.
15 Albertson's	6,773,061	5,869,400	162,500	125,300	497	An emphasis on bigger stores, an expanded distribution system and a commitment to everyday low prices sparked the 19th consecutive year of record sales.
16 Supermarkets General	5,962,200	5,304,000	(58,900)	NA	268	Heavily saddled with debt since its 1987 LBO, the company is struggling to maintain its position as the leading banner in the New York market.
17 R.H. Macy	5,729,000	5,210,400	(188,160)	NA	149	Macy suffered a negative cash flow last year, but for the first nine months of the current year it has narrowed its losses from $26.7 million to $5.7 million. Paying off the LBO debt is still a struggle.
18 Walgreen	4,883,520	4,281,606	129,062	103,537	1416	Committed to aggressive expansion, the chain plans to open 100 stores this year, not counting acquisitions. Moving rapidly to install retail tech systems including chainwide satellite communications system by 1990.

NC = Not comparable
NA = Not available
† = Operating income
* = Before extraordinary items or changes in accounting principles
Source: Company reports/*Chain Store Age Executive* research

Name	1988 Sales ($000)	1987 Sales ($000)	1988 Profits ($000)	1987 Profits ($000)	# of Stores	Comments
19 Publix	$4,848,000	$4,186,600	$102,400	$ 87,200	353	A reputation for customer service makes this chain a formidable competitor in Florida, the only state where it has stores.
20 Montgomery Ward	4,747,400	4,552,600	139,000	130,000	324	Montgomery Ward beat Sears to the everyday low pricing punch. It turned in a record profit as it evolved into a series of specialty stores selling name brands under one roof.
21 Stop & Shop	4,624,000	4,343,000	(21,500)	55,700	114	Despite its LBO burden, Stop & Shop is the number one supermarket operator in New England. Bradlees discount stores building back strength and profits.
22 The Price Club	4,162,400	3,322,963	94,753	73,324	39	Opening clubs in the East has not stalled the pace of the club's sales or profits; neither has Sol Price's retirement.
23 The Limited	4,070,777	3,527,941	245,136	235,188	3381	A quarter of a century old, Limited is still the fashion leader. Emphasizing superstores of 12,000-20,000 sq. ft. for the flagship division. Revamping Lerner and expanding Limited Express.
24 Toys "R" Us	4,000,192	3,136,568	268,000	203,922	522	International expansion of toy stores has been greeted with same success as U.S. growth. Kids "R" Us division is adding 25 stores to its 112-unit base this year.
25 Vons	3,916,600	3,276,000	(23,900)	1,600	350	With the acquisition of Safeway's underperforming units in southern California, the company's future depends on how well it can absorb those stores into its operations.
26 Southland Corp.	3,820,200	7,999,300	NA	(216,200)	7414	Southland's 7-Eleven stores are adding more prepared food to compete against fast food restaurants.
27 Food Lion	3,815,400	2,953,800	112,500	85,800	567	The Salisbury, N.C. supermarketer is terrifying competitors in the South with its cookie-cutter approach to merchandising and its low price reputation.
28 Ahold USA	3,514,000	1,837,000	146,000	131,000	329	The Dutch concern considerably bolstered its U.S. holdings with the purchase of First National Supermarkets of Maple Heights, Ohio. It also owns Bi-LO of Mauldin, S.C., and Giant Food Stores of Carlisle, Pa.
29 Ames	3,362,865	2,111,940	47,243	34,157	850	After burping a while in its digestion of Murphy Marts, Ames now must chew more carefully as it tries to swallow the Zayre stores it picked up late last year.
30 Tandy	3,260,688	2,987,960	316,354	242,329	7336	To bolster same store sales Radio Shack is implementing programs for store renovations, training, merchandising, advertising and sales productivity.
31 Service Merchandise	3,092,817	2,719,102	76,487	30,854	317	Getting back to catalog showrooms has revived profits. Eighteen new stores expected this year.
32 Meijer	3,000,000	2,750,000	NA	NA	52	Perhaps the first hypermarket to operate in the U.S., Meijer's has expanded from its Michigan base into Ohio.
33 Giant Food	2,987,154	2,721,000	97,900	31,000	145	Considered by many the best supermarket chain, Giant operates only in Washington, D.C., Maryland and Virginia. Known for specialty departments and service.
34 Eckerd	2,900,000	2,750,000	NA	NA	1600	Eckerd tightened grip on Atlanta market with pick-up of Dunaway Drug. Increasing commitment to POS scanning and expanding EDI program with vendors.
35 Grand Union	2,872,000	2,745,000	22,100	34,100	300	Recent LBO means that another large supermarket chain must watch cash flow and its impact on market share.
36 Rite Aid*	2,868,297	2,486,319	95,210	144,553	2270	Acquisitions of 39-store Begley Co. and 114 Peoples stores strengthened Rite Aid's lead as largest drug chain. Challenge for '89 will be fighting bribery charges against president Martin Grass.

NC = Not comparable
NA = Not available
† = Operating income
* = Before extraordinary items or changes in accounting principles
Source: Company reports/*Chain Store Age Executive* research

Name	1988 Sales ($000)	1987 Sales ($000)	1988 Profits ($000)	1987 Profits ($000)	# of Stores	Comments
37 Super Valu†	$2,769,019	$2,433,968	$ 73,028	$ 66,969	156	Cub Foods and ShopKo discount stores give Super Valu a strong one-two punch in the heartland. They even combined to form a new hypermarket, Twin Valu.
38 Circle K	2,656,700	2,316,800	60,400	49,400	4536	Debt-laden Phoenix company has put itself up for sale. Chairman Karl Eller is considering leading a buyout.
39 Batus†	2,643,327	2,568,636	176,958	171,211	108	Parent B.A.T. Industries PLC is object of takeover battle. Could mean divestiture of Marshall Field and Saks Fifth Avenue which had only modest profit improvement last year.
40 Carter Hawley Hale*	2,617,100	2,607,800	9,310	(115,283)	112	Placing strong emphasis on updating technology and distribution capabilities as it pays down its heavy debt from restructuring.
41 Dillard	2,558,395	2,206,347	113,829	91,223	146	D.H. Holmes in New Orleans will be latest to experience the Dillard touch of department store turnaround. Last year acquired a 50% interest in 12 Higbee stores in Ohio.
42 Lowes*	2,516,879	2,442,177	69,000	61,180	296	Building larger store prototypes that are producing higher sales and profits. Average store turned in $8.5 million in sales.
43 Revco	2,409,262	2,317,381	(88,550)	(45,632)	1886	Operating under Chapter 11 protection, Revco moving aggressively to install POS scanners and state-of-the-art Rx computer system. Closed more than 100 unprofitable stores.
44 Thrifty Corp.	2,400,000	1,843,000	66,000	49,000	230	Fifty new stores to be added on top of 110 Pay 'n Save and 37 Bi-Mart stores bought last year. Installing laser bar code scanners within next four years. Rolling out satellite communications network.
45 U.S. Shoe*	2,343,045	2,167,554	12,965	52,065	2512	Tried unsuccessfully to dump its shoe operations. Casual Corner and Ups 'N Downs need overhaul. LensCrafters is the big growth vehicle.
46 Nordstrom	2,327,946	1,920,231	123,332	92,733	58	Has set retail standard for service. Gearing up for a New York metro invasion with three stores in New Jersey and new markets in Minneapolis, Boston, Chicago and Denver.
47 H.E. Butt	2,300,000	2,079,000	NA	NA	150	Placing an increasing emphasis on one-stop shopping, including video rentals and even a dry cleaning service.
48 Mercantile	2,265,500	2,155,653	144,462	129,556	80	A strong advocate of Quick Response and EDI. Same store sales increased at just 3.9% last year versus 5.6% a year ago mainly due to remodeling activity.
49 Best Products	2,088,317	2,066,589	4,202	47,606	194	A leveraged buyout last November has management focused on reinvigorating sales through new formats.
50 Fred Meyer	2,073,544	1,847,843	36,661	32,036	112	Another U.S. version of the hypermarket that makes money. Thirteen stores added last year with new market growth zeroing in on Sacramento.
51 Home Depot	1,999,514	1,453,657	76,753	54,086	96	Northeast expansion is underway. Satellite communications system and UPC coding going chainwide this year. Store growth being restricted to 25% per annum.
52 Costco	1,988,719	1,370,031	14,450	5,086	43	Expanding offerings by adding fresh meat in more than half of its units. Twelve new units planned.
53 Bruno's	1,982,000	1,143,000	40,700	31,000	207	Keyed for growth, the company has entered into a hypermarket venture with K mart.
54 Longs	1,925,451	1,772,460	55,858	49,218	236	Key management turnover did not stop growth. First Rx warehouse opened.
55 TJX	1,920,795	1,625,300	55,100	47,300	814	A surviving entity of Zayre Corp., TJX encompasses off-pricers T.J. Maxx and Hit or Miss and mail order house Chadwick's of Boston.
56 Belk	1,905,200	1,832,000	NA	NA	340	A confederation of independent operating companies, Belk Stores share central services such as credit processing.

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Source: Company reports/*Chain Store Age Executive* research

Name	1988 Sales (000)	1987 Sales (000)	1988 Profits (000)	1987 Profits (000)	# of Stores	Comments
57 Payless Cashways	$1,900,000	$1,770,000	NC	$ 28,100	195	LBO-related debt kept Payless Cashways in the red last year.
58 Circuit City	1,721,497	1,350,425	$69,500	50,400	125	Richmond, Va.-based company is defying the slump in consumer electronics. Rolled out stores into Miami and Tampa earlier this year.
59 Brown Group	1,706,565	1,571,955	8,283	46,853	4128	Discontinued or divested operations totalling $400 million in sales to concentrate on core businesses of footwear and specialty retailing.
60 Waban	1,700,000	1,300,000	44,800	18,700	68	Another offshoot of Zayre Corp. restructuring, Waban includes BJ's Wholesale Club and HomeClub.
61 Hills	1,670,866	1,514,329	97,653	103,535	167	Strengthened its position in Ohio and western New York with purchase of 33 former Gold Circle stores. Will test UPC scanning this year.
62 Giant Eagle	1,600,000	1,450,000	NA	NA	120	Market leader in the Pittsburgh area.
63 Dominick's Finer Foods	1,500,000	1,500,000	NA	NA	90	Moving into more non-food and H&BA as it seeks to maintain leading edge in Chicago.
64 Imasco (Peoples Drug)	1,497,585	1,398,305	(6,585)	(16,857)	829	Turnaround at U.S. division continues as chain sheds more than 300 stores to concentrate on Mid-Atlantic markets. Continues roll-out of "Boss" format.
65 Hy-Vee Food Stores	1,475,000	1,371,200	NA	NA	148	One of the top Midwest operators, Hy-Vee has opened 26 stores since 1982 and increased sales by more than 50%.
66 Rose's	1,439,279	1,336,794	16,356	18,095	250	Facing big challenge as Wal-Mart's invasion of the Southeast becomes stronger.
67 McCrory	1,391,000	1,481,000	96,300	17,200	1240	Big push underway for new format, Bargain Time closeout chain. Two hundred stores expected by 1990, most from old T.G. & Y. locations.
68 Shaw's Supermarkets	1,300,000	1,100,000	NA	NA	61	The chain, now foreign owned, is seeking to enhance its image with a new upscale private label, World Classics.
69 Hook-SupeRx	1,280,000	1,090,000	NA	NA	1028	Strong foothold in New England gained from Brooks Drug acquisition which put chain over $1 billion mark and among top five drug chains in unit count.
70 Pace Membership	1,270,535	939,560	9,421	7,677	39	Same store sales increased 16% last year as sales at wholesale prices increased to 78% from 72%.
71 Hannaford Bros.	1,261,668	1,033,400	28,900	24,100	72	The market leader in Maine is increasing its presence in upstate New York, competing head to head with Price Chopper.
72 The Gap	1,252,097	1,062,021	74,231	69,595	900	Softness in Gap store sales has been reversed with new merchandising programs. Trying to do the same at Banana Republic with a broadened merchandise mix.
73 Sherwin Williams†	1,250,000	1,157,000	69,700	82,100	1865	Sales have increased 24% since 1986 on just an 8.4% store increase.
74 Neiman Marcus Group*	1,223,162	1,145,141	15,480	(30,141)	234	New inventory aging standards introduced at Neiman Marcus last year to keep mix current. Although no stores have been added at NM since 1985, 10-12 new units are the goal by 1995.
75 Petrie*	1,218,341	1,241,554	35,082	47,543	1584	Milton Petrie shows no signs of slowing down, but his chain has yet to rebound from the sluggishness that hit the apparel market more than a year ago.
76 Furr's	1,200,000	1,000,000	NA	NA	144	Strong Texas operator is known for its efforts to appeal to Hispanic shoppers.
77 Emro Marketing	1,200,000	1,200,000	NA	NA	1088	Springfield, Ohio-based chain operates stores, all with gas stations, in 17 Southern and Midwestern states.
78 Wickes Lumber	1,200,000	1,200,000	NA	NA	210	Bought from Wickes Co. by management for $320 million last year, chain is concentrating on Midwest and New England where 60% of its volume is generated by contractor sales.

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Name	1988 Sales ($000)	1987 Sales ($000)	1988 Profits ($000)	1987 Profits ($000)	# of Stores	Comments
79 Penn Traffic Co.	$1,194,500	$ 634,300	($ 9,100)	$ 200	154	The company almost doubled in size with the purchase of P & C Foods of Syracuse and Big Bear Supermarkets of Columbus, Ohio.
80 Weis Markets	1,189,000	1,128,000	83,000	67,000	117	Sales only climbed 8% since 1986, but profits are up 27%.
81 Cullum Cos.	1,189,000	1,003,000	NA	NA	69	Dallas' market share leader is partners with Wal-Mart in two Hypermart*USA stores.
82 Grossman's*	1,141,602	1,077,297	13,235	19,846	246	Sold off 28-unit northern California stores as part of announced possibility of divesting whole chain.
83 Barnes & Noble/ B. Dalton	1,100,000	950,000	NA	NA	1100	About 100 fewer stores than K mart's Waldenbooks, but some $200 million more in sales.
84 Riser Foods	1,100,000	589,600	NA	NA	57	A banding together of formerly separate independents headquartered in Bedford Heights, Ohio.
85 Carson Pirie Scott	1,022,974	817,756	1,873	8,702	408	Last year on the chart for CPS as it was recently bought by P.A. Bergner.
86 Hechinger*	1,019,399	725,123	48,816	39,974	92	Made first acquisitions ever, three of them, in 1988, increasing store count by 22, biggest growth in history. Bought leases to 33 Bradlees stores in the Washington-Baltimore area. New England expansion also developing.
87 Smith's Mgmt. Corp.	1,000,000	883,000	NA	NA	88	Combo store operator based in Utah.
88 Pueblo International	1,000,000	816,000	NA	(480,000)	50	Another LBO'd company burdened by debt, Pueblo has moved beyond its Puerto Rico base to become a formidable force in Florida with its Xtra warehouse stores.
89 Stater Bros. Markets	1,000,000	890,000	NA	NA	101	Colton, Calif., company has seen steady growth since going private in 1987.
90 Schnuck Markets	1,000,000	950,000	NA	NA	59	Market share leader in St. Louis has scanners in all units.
91 Wegman's	1,000,000	950,000	NA	NA	40	Strong consumer affairs orientation makes this operator tough to beat in its home market, Rochester, N.Y.
92 Harris Teeter	1,000,000	750,000	NA	NA	123	Emphasis on clean, attractive stores promoted as "The only low price supermarket that refuses to act like one."
93 Raley's	1,000,000	920,000	NA	NA	54	Strong emphasis on non-food and upscale merchandising.
94 CFM Franchising	950,000	890,000	NA	NA	1400	Operates in 37 states. Based in Rosemont, Ill., CFM franchises 1,300 of its stores.
95 DeMoulas Market Basket	930,000	827,000	NA	NA	42	Strong regional operator based in Tewksbury, Mass. has scanners in all units.
96 Edison Bros.*	918,600	931,000	36,300	(12,200)	2347	Company evenly divided in sales between footwear and apparel divisions, but apparel's operating income of $63.4 million dwarfs that of footwear, $16.1 million.
97 National Convenience Stores	914,900	828,000	6,700	5,400	1076	Stores operate in five states (California, Florida, Texas, Georgia and Tennessee) under the Stop N Go nameplate.
98 Highland*	910,747	753,446	7,244	8,260	84	Computerized POS system installed. Affected by slowdown in electronics business as average sales per store dipped.
99 Strawbridge & Clothier	904,196	814,313	27,270	27,014	35	One of the last independent department stores, S & C produced record profits despite opening two new department stores, an apparel handling facility, the 22nd Clover discount store and closing a department store unit.
100 Woodward & Lothrop	900,500	911,200	NA	NA	32	Taken off the market when Taubman Co. failed to receive any substantial bids, Woodie's management is spending lots of time trying to bring Philadelphia's John Wanamaker stores back to glory.

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Source: Company reports/*Chain Store Age-Executive* research

9.6% increase for the retailers listed.

As could be expected, supermarkets captured the lion's share of sales among the elite group. Their 34.7% portion more than doubled that of full-line discount stores.

Significantly, both supermarkets and discount store chains rang up sales in greater proportion to their representation in the Exec 100.

Just 29.3% of all chains included in the Exec 100 are supermarkets. Just 9.2% are full-line discounters whose sales equaled 15.9% of the $399 billion tally.

Similarly, the Sears-Penney-Ward group, just 2.3% of the chain total, brought in 12% of the sales.

Conversely, home centers, apparel stores, hard lines specialty stores and shoe stores chipped in a lower sales amount than their chain representation in the Exec 100.

Their totals: Home centers contributed 2.7% of the sales from 6.2% of the Exec 100 companies; 4.4% of total sales came from the apparel chains' 10% share of stores; hard lines chains produced 4.1% of the sales from 8.5% of the stores; and shoe stores, which accounted for 4.6% of all chains, recorded just 2% of the sales.

Segmented sales: In apportioning the makeup of the Exec 100, *Chain Store Age Executive* segregated the divisions of retail conglomerates according to their respective formats.

For example, May Department Stores had its department stores, and their sales, listed in the department store totals. Caldor and Venture went

Top 15 hard lines chains

Company	1988 Sales (000 omitted)	Stores
1. Toys "R" Us, Rochelle Park, N.J.	$3,648,000*	418
2. Tandy, Ft. Worth	3,268,000	7,336
3. Circuit City, Richmond, Va.	1,721,497	125
4. Sherwin Williams, Cleveland	1,250,000	1,905
5. Western Auto, Kansas City, Mo.	1,187,000*	424
6. Barnes & Noble/B. Dalton, N.Y.C.	1,100,000*	1,100
7. Waldenbooks, Stamford, Conn.	916,000*	1,218
8. Highland Superstores, Plymouth, Mich.	910,747	84
9. Child World, Avon, Mass.	897,067	163
10. Kay-Bee, Pittsfield, Mass.	700,127	727
11. Lechmere, Woburn, Mass.	700,000	27
12. Silo, Philadelphia	716,137	154
13. Herman's, Carteret, N.J.	700,000	200
14. Northern Automotive, Phoenix	600,000	800
15. Pep Boys—Manny, Moe & Jack, Philadelphia	655,968	243

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research

Top 15 supermarket chains

Company	1988 Sales (000 omitted)	Stores
1. Kroger Co., Cincinnati	$19,958,000	2,256
2. American Stores, Irvine, Calif.	18,478,000	1,280
3. Safeway Stores, Oakland, Calif.	13,812,300	1,261
4. A&P, Montvale, N.J.	10,867,000	1,241
5. Winn-Dixie Stores, Jacksonville, Fla.	9,807,700	1,246
6. Albertson's, Boise, Idaho	6,773,100	497
7. Supermarkets General Holdings Corp., Carteret, N.J.	5,982,200	288
8. Publix Super Markets, Lakeland, Fla.	4,848,000	353
9. Vons Cos., El Monte, Calif.	3,916,000	350
10. Food Lion, Salisbury, N.C.	3,815,400	567
11. Ahold USA, Parsippany, N.J.	3,514,000	329
12. Giant Food, Landover, Md.	2,987,200	145
13. Grand Union Co., Wayne, N.J.	2,872,000	300
14. Stop & Shop Cos., Braintree, Mass.	2,517,363	114
15. Ralphs, Compton, Calif.	2,300,700	134

Source: Annual reports/Chain Store Age Executive research

Top 15 drug store chains

Company	1988 Sales (000 omitted)	Stores
1. Walgreen, Deerfield, Ill.	$4,083,529	1,416
2. American Drug Stores, Anaheim, Calif.	3,100,000	803
3. Eckerd Drug Stores, Largo, Fla.	2,900,000*	1,900
4. Rite Aid, Shiremanstown, Pa.	2,900,297	2,270
5. Revco, Twinsburg, Ohio	2,400,282	1,800
6. Thrifty, Los Angeles	2,400,000	1,030
7. Longs Drug Store, Walnut Creek, Calif.	1,925,451	226
8. CVS, Woonsocket, R.I.	1,698,252	782
9. Peoples Drug Stores, Alexandria, Va.	1,497,385	829
10. Pay Less Drug Stores, N.W., Wilsonville, Ore.	1,400,000*	280
11. Hook-SupeRx, Cincinnati	1,296,000	1,028
12. Thrift Drug, Pittsburgh, Pa.	882,000	434
13. Phar-Mor, Youngstown, Ohio	800,000*	114
14. Perry Drug Stores, Pontiac, Mich.	800,361	222
15. Drug Emporium, Columbus, Ohio	423,729	89

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research

Top 15 department store chains

Company	1988 Sales (000 omitted)	Stores
1. May, St. Louis	$7,537,000	297
2. R. H. Macy, New York	5,729,000	149
3. Federated, Cincinnati	4,583,400	138
4. Allied, Cincinnati	2,844,300	127
5. Carter Hawley Hale, Los Angeles	2,817,100	112
6. Dillard, Little Rock	2,558,000	123
7. Belk, Lewisville	2,300,000	94
8. Nordstrom, Seattle	2,327,000	43
9. Mercantile, N.Y.C.	2,265,500	80
10. Belk, Charlotte, N.C.	1,965,200*	340
11. Dayton Hudson, Minneapolis	1,693,000	34
12. Neiman Marcus Group, Chestnut Hill, Mass.	1,125,000	23
13. Woodward & Lothrop, Washington, D.C.	900,000	22
14. Carson Pirie Scott, Chicago	715,000*	33
15. L.J. Hooker Retail Group, N.Y.C.	677,000	41

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research

into the discount store figures, while Volume Shoe was counted as a shoe chain.

If actual sales data was not available, as in the case of the toys and Kids "R" Us divisions of Toys "R" Us, *Chain Store Age Executive* estimated the volumes.

This year may be the last in which members of the Exec 100 produce less than $1 billion in sales. Only six companies failed to meet that benchmark this year.

Profit rankings: The fortunes of a full year have also created changes in the rankings of companies by profits.

Based on net earnings, the top 10 companies for 1988, in descending order, are Wal-Mart, K mart, J. C. Penney, May, Melville, Tandy, Woolworth, Dayton Hudson, Toys "R" Us and The Limited.

Last year the order was Sears, Penney, K mart, Wal-Mart, May, Melville, F. W. Woolworth, Kroger, Tandy and The Limited.

The top 10 retailers in 1988, as a group, posted a 12.7% increase in sales over their combined performances of a year ago, demonstrating that the larger companies are growing at a faster rate than are the smaller chains which had an average 9.6% rise.

The top 10 companies also turned out to be highly efficient in converting sales dollars to profit dollars. Their net income increases averaged 16.8%.

Net earnings as a percent of sales went from 3.91% in 1987 to 4.05% in 1988. ■

Top 15 home center chains

Company	1988 Sales (000 omitted)	Stores
1. Lowe's Cos., North Wilkesboro, N.C.	$2,516,879	295
2. The Home Depot, Atlanta	1,999,514	96
3. Payless Cashways, Kansas City, Mo.	1,999,000	195
4. Builders Square, San Antonio, Tex.	1,700,000*	133
5. Wickes Lumber, Vernon Hills, Ill.	1,200,000	210
6. Grossman's, Braintree, Mass.	1,142,000	246
7. Hechinger, Landover, Md.	1,019,300	92
8. 84 Lumber, Eighty-Four, Pa.	900,000	300
9. HomeClub, Fullerton, Calif.	775,000*	48
10. Builders Emporium, Irvine, Calif.	700,000	110
11. Channel Home Centers, Whippany, N.J.	675,000	101
12. Sutherland, Kansas City, Mo.	660,000	85
13. Menard's, Eau Claire, Wis.	620,000	48
14. Scotty's, Winter Haven, Fla.	601,000	100
15. Rickel, South Plainfield, N.J.	583,000	51

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research

Top 15 convenience store chains

Company	1988 Sales (000 omitted)	Stores
1. Southland Corp., Dallas	$3,620,200*	7,414
2. Circle K Corp., Phoenix	2,656,700	4,536
3. Enro Marketing, Springfield, Ohio	1,200,000*	1,000
4. CFW Franchising Co., Rosemont, Ill.	950,000*	1,400
5. National Convenience Stores, Houston	914,900	1,075
6. Dairy Mart, Enfield, Conn.	710,000	1,100
7. Convenient Industries of America, Louisville	485,000*	200
8. Wawa, Wawa, Pa.	479,000*	420
9. Racetrac Petroleum, Atlanta	450,000*	275
10. Coastal Mart, Houston	450,000*	900
11. Atlantic Richfield, Los Angeles	385,000*	750
12. Fast Fare, Baltimore	335,000*	483
13. Mumford, Atlanta	300,004*	705
14. White Hen Pantry, Elmhurst, Ill.	291,000*	361
15. Mapco Corp., Oklahoma City	275,000*	135

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research

Top 15 full line discount store chains

Company	1988 Sales (000 omitted)	Stores
1. K mart, Troy, Mich.	$22,940,000	2,145
2. Wal-Mart, Bentonville, Ark.	16,020,000	1,200
3. Target, Minneapolis	6,331,000	341
4. Ames Dept. Stores, Rocky Hill, Conn.	3,382,000	800
5. Meijer, Grand Rapids, Mich.	3,000,000*	92
6. Bradlees, Braintree, Mass.	2,106,747	130
7. Fred Meyer, Portland, Ore.	2,073,544	112
8. Hills Dept. Stores, Canton, Mass.	1,670,000	167
9. Caldor, Norwalk, Conn.	1,574,000	119
10. Rose's, Henderson, N.C.	1,439,279	250
11. Venture Stores, O'Fallon, Mo.	1,282,000	73
12. Shopko Stores, Green Bay, Wis.	1,200,070	87
13. Jamesway, Secaucus, N.J.	782,504	121
14. Fedco, Santa Fe Springs, Calif.	685,000	12
15. Pamida, Omaha	560,000	166

*Chain Store Age Executive estimate

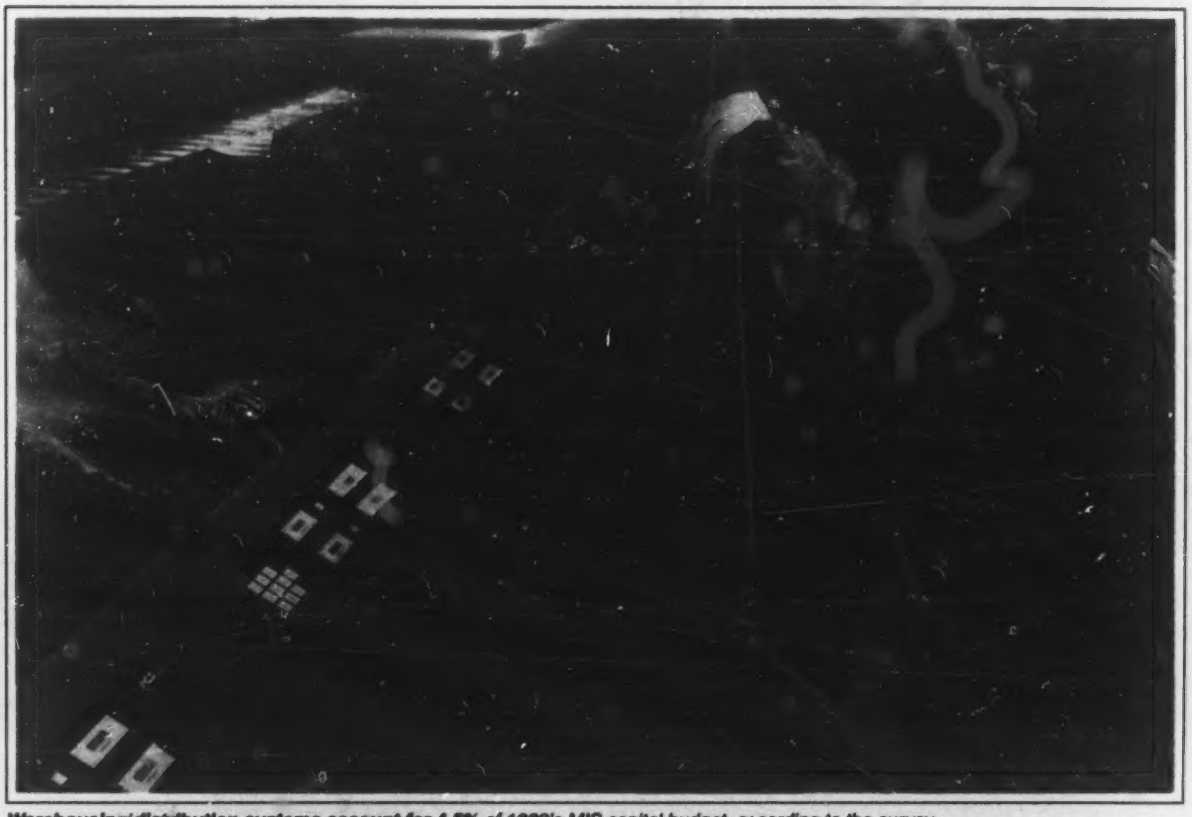
Source: Annual reports/Chain Store Age Executive research

Top 15 full price apparel chains

Company	1988 Sales (000 omitted)	Stores
1. The Limited, Columbus, Ohio	$4,670,777	3,231
2. U.S. Shoe, Cincinnati	1,151,400	1,750
3. The Gap, San Bruno, Calif.	1,252,007	1,584
4. Petrie Stores, Secaucus, N.J.	1,218,341	1,054
5. Charming Shoppes, Bensalem, Pa.	725,200	926
6. Hartmarx, Chicago	627,000	400
7. F. W. Woolworth, N.Y.C.	577,400*	677
8. Melville, Harrison, N.Y.	469,300	1,053
9. Edison Bros., St. Louis	450,000	1,231
10. Kids "R" Us, Rochelle Park, N.J.	300,000*	112
11. Merry Go Round, Towson, Md.	290,000	482
12. Dylex (U.S.), Toronto	287,530	664
13. Brooks Brothers, N.Y.C.	284,400	50
14. County Seat, Dallas	281,900*	375
15. Talbots, Hingham, Mass.	282,000*	136

*Chain Store Age Executive estimate

Source: Annual reports/Chain Store Age Executive research



Warehousing/distribution systems account for 4.5% of 1989's MIS capital budget, according to the survey

RETAILERS SPENDING MORE ON MIS BUDGETS

POS EQUIPMENT TOPS SHOPPING LIST, SAYS *CHAIN STORE AGE EXECUTIVE* POLL

Retailers are spending more on Management Information Systems (MIS) capital budgets in 1989 than they did in 1988. Most anticipate spending even more in 1990.

Top on the shopping list is point-of-sale (POS) equipment, especially programmable cash registers, handheld terminals and micro/PCs with cash drawers.

These are among the conclusions of the second annual *Chain Store Age Executive* Retail Technology Census, an exclusive survey of retail Management Information Systems professionals.

Why the pronounced growth in capital spending? "We have to keep pace with our competitors," points out one specialty store MIS director.

"Increases are justified based on their ability to reduce costs or provide a competitive advantage—particularly in the areas of merchandise replenishment and inventory management," he says.

"We simply have more stores to support," says an MIS director at a growing supermarket chain. "We can't afford not to control our operations."

"Management has begun to recognize that a greater use of technology can drive down administrative costs," another survey respondent says. "There is a greater management understanding of the strategic value of information systems."

One variety store MIS director points out, "The technology is expanding into many new areas where it did not exist before. Functionality is increasing."

> 'Technology is expanding into areas where it did not exist before'

"Data processing skills used to be almost entirely within the MIS department. Now data processing is throughout the business. It is just the beginning," he says.

Says another retailer, "Equipment obsolesence is driving up the overall capital budget. We're going to need to upgrade our mainframe and two minicomputers. That may drive up our capital budget 70% next year."

Conducted in late June, the survey's purpose was to gauge the level and direction of MIS capital spending for the next year.

Chain Store Age Executive mailed questionnaires to more than 600 retail MIS executives, evenly divided among the 100 biggest companies in each of six retail categories: drug stores, supermarkets, home centers, discount stores, department stores, and specialty stores. All respondents were promised complete anonymity.

For more information circle 40 on reply card

About 8.3% of the questionnaires were returned by the survey cut-off date. Chains that responded to the poll averaged 319 stores each, representing total retail sales of more than $48.3 billion.

Overall outlook: The common thread weaving through the survey responses is that MIS capital budgets will be raised next year.

More than 53% of the MIS professionals report that their outlays will increase in 1990. Another 34% say their budgets will remain the same. Only 12.8% predict a spending turndown—in stark contrast to last year's survey, when 19% said the size of their MIS budgets would decline.

On the average, retailers in this year's poll say their MIS capital outlays total 1.12% of sales. Last year, retailers said their outlays represented 1.05% of sales.

In 1986, a similar study published by New York-based consultant Arthur Young found MIS spending by retailers at 0.94% of sales. A year earlier, it was 0.88%.

What are these bigger budgets buying for retailers? Next to hardware, POS systems are taking the largest bite, accounting for 27.5% of capital budgets, up from 18.3% last year.

Next year, outlays for POS are expected to rise to 28.6% of MIS capital budgets, for the first time edging out hardware, which will be at 28.5%.

"We intend to do a full scale replacement of all POS systems over the next three years," one specialty store MIS director says.

Says another, "Development and implementation of POS systems integrated with host systems is our major focus for the next several years. Enabling store systems to improve customer service by using information tools is strategic to our success."

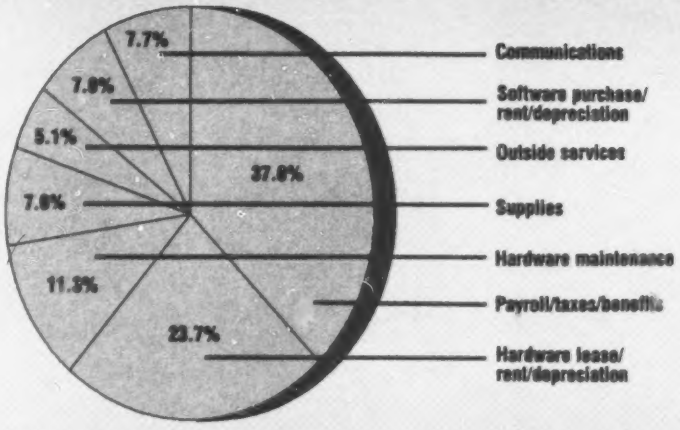
The poll finds retailers increasing their use of virtually every type of POS system, from electronic cash registers to programmable registers to hand-held terminals to micro/PCs with cash drawers.

More than half of the MIS executives say they plan to add more programmable cash registers and hand-held terminals in 1990.

The only decline is seen in mechanical cash registers, which 16.3% of retailers say they have in use, and only 4.1% say they plan to add.

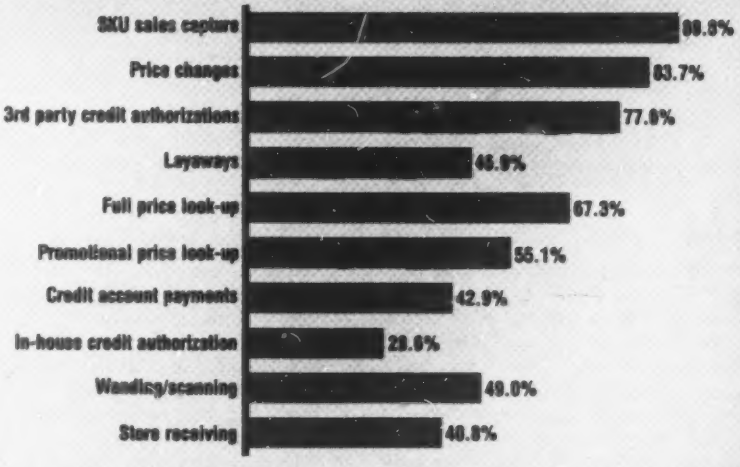
Among the features used by more than three-quarters of retailers with POS systems are sku sales capture,

MIS budgets —1989



Source: *Chain Store Age Executive research*

Use of POS features —1989



Source: *Chain Store Age Executive research*

Respondents using/planning to use scanners

Hand-held laser gun	69.6%
Fixed-head or flat-top	36.7
Light pen	11.9
Undecided	14.3

Source: *Chain Store Age Executive research*

price changes and third-party credit authorizations. More than half use full price look-up and promotional price look-up. Slightly less than half use wanding or scanning.

However, more than 85% of respondents say that if they don't now use scanning, they plan to use it eventually. The majority, 69%, favor the hand-held laser gun, while 35.7% want a fixed head or flat top, and 11.9% want a light pen.

Many respondents note the importance of POS in providing management with sales data.

"We're testing the use of PCs to capture POS information and transfer it to the corporate system," says a convenience store MIS director. "It's management's desire to become computer literate, with PCs on everyone's desk."

Hand-held terminals are being used by 53.1% of retailers, according to the survey. Most are using it for ordering (53.8%) and physical inventory (57.7%). Other major uses are price changes (30.8%), store receiving (38.5%) and sales reordering (26.9%).

The survey also finds that Electronic Data Interchange (EDI) is continuing to make inroads into the retailing community, albeit slowly.

About 26.5% of retailers say they now have EDI in place, up from 25% last year. About 16.3% say they are currently testing EDI, and 40.8% say they plan to use EDI within the next 18 months. Last year, those figures were 10% and 55%, respectively. ■

What are bigger MIS budgets buying?

MIS capital budget

	1988	1989	1990
POS devices	18.3%	27.5%	28.6%
Hardware	27.6	28.1	28.5
Software	18.3	17.9	16.9
End-user microcomputers	7.8	11.9	10.9
In-store systems	13.9	5.7	9.2
Warehousing/distribution systems	5.6	4.5	3.7
Other	9.4	4.4	2.2

Source: *Chain Store Age Executive research*

Use of EDI

	1988	1989
Will use within 18 mos.	55%	40.8%
In place	25	26.5
Currently testing	10	16.3

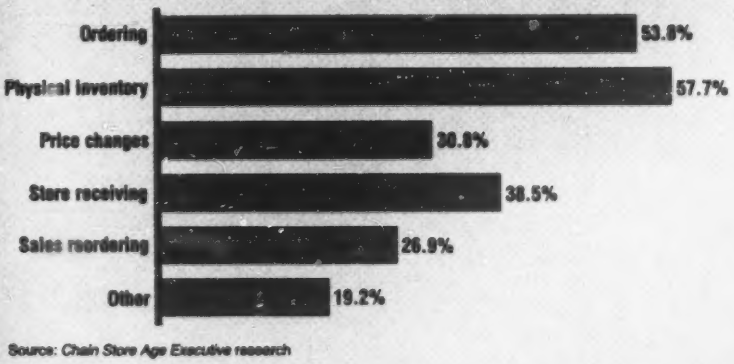
Source: *Chain Store Age Executive research*

Use of POS hardware

	1988	1989	Expect to add
Programmable cash registers	63.2%	76.5%	53.1%
Hand-held terminals	42.1	59.2	53.1
Mini-PCs with cash drawers	19.4	28.4	28.6
Electronic cash registers	60.5	75.5	24.5
Mechanical cash registers	13.2	16.3	4.1
Other	—	16.3	14.3

Source: *Chain Store Age Executive research*

Use of hand-held terminals —1989



Source: *Chain Store Age Executive research*

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FINANCE

JUNE SALES LAG BEHIND INFLATION

Despite a bounce-back in apparel sales, revenue gains in June for most retailers continued to lag behind the inflation rate. The big winners were apparel specialty outlets, which posted double-digit, comparable-store hikes. The big losers were discount stores, where gains were decidedly limpid.

Same-store sales jumped 13% at The Gap and 12% at The Limited. Sales climbed 25% for the Neiman-Marcus Group, with same-store gains a more modest 14%. Comparable-store sales for year's first five months are up 17% at The Gap and 13% at The Limited (Neiman-Marcus did not release 22-week figures).

At Los Angeles-based Carter Hawley Hale Philip M. Hawley, chairman and ceo said, "June sales reflected a generally weaker tone in general merchandise sales across the country. Accessories, women's and men's apparel showed good strength, but some merchandise categories were weak."

At Sears, the nation's biggest retailer, strong increases in men's, children's and junior apparel lines were not enough to offset weakness in other merchandise categories. The Big Store recorded a comparable-store sales hike of only 3.6%.

Discount stores felt the hardlines softness the worst. Comparable-store figures for Rocky Hill, Conn.-based Ames gained a mere 0.2% in June, despite the units picked up from Zayre.

K mart recorded a 2.3% comparable-store increase. Even that weak gain, however, was welcome news in an otherwise lackluster year. Wal-Mart, meanwhile, bucked the trend. Same-store results were up 10% in June, nearly equaling the 11% pace set for the 22-week period.

Company	June '89 sales ($M)	% change	% change comp. stores	YTD '89 sales ($M)	% change YTD	% change YTD comp. stores
Sears	$2,811,900	+ 2.3	+ 3.6	$11,625,000	+ 7.4	+ 5.8
Penney	1,260,000	+ 7.6	+ 5.8	5,377,000	+ 4.6	+ 2.3
Kmart	466,800	+ 6.6	+ 6.4	1,891,200	+ 6.9	+ 6.1
Woolworth	439,000	+ 8.2	+ 3.6	1,917,000	+ 7.9	+ 3.7
Melville	630,900	+ 14.6	NR	3,209,700	+ 11.8	NR
K mart	2,620,500	+ 5.6	+ 2.3	10,624,500	+ 3.6	+ 0.6
Wal-Mart	2,662,000	+ 25.0	+ 10.0	8,438,000	+ 25.0	+ 11.0
Dayton Hudson	1,200,000	+ 14.2	+ 6.1	4,910,000	+ 12.9	+ 6.7
Ames	467,000	+ 127.6	+ 0.2	1,595,000	+ 134.4	+ 0.6
Hills	159,572	+ 28.9	+ 2.1	699,372	+ 27.0	+ 2.9
Rose's	107,944	+ 2.1	- 3.8	570,227	+ 4.0	- 1.8
Jamesway	82,466	+ 2.5	- 4.6	311,757	+ 10.3	+ 3.0
Zayre	1,100,000	+ 8.8	+ 6.0	4,570,000	+ 16.0	+ 8.3
Carter Hawley Hale	291,200	+ 3.6	+ 2.5	1,099,600	+ 7.4	+ 6.4
Marcor/Montgomery Ward	788,000	+ 3.0	+ 2.0	936,994	+ 2.9	+ 2.0
Neiman-Marcus Group	132,400	+ 25.0	+ 13.0	NR	NR	NR
The Limited	387,000	+ 11.4	+ 12.0	1,695,000	+ 16.3	+ 13.0
The Gap	132,000	+ 23.9	+ 13.0	551,000	+ 27.0	+ 17.0
Circuit City	151,100	+ 25.0	+ 6.0	NR	NR	NR
Best Buy	38,000	- 5.0	- 6.0	107,000	- 4.0	- 7.0
Walgreen	448,093	+ 11.1	+ 10.0	2,044,203	+ 10.0	+ 8.0

NR = not reported

Source: Company reports